

# Weekly market commentary report

20 February 2018 Tuesday

## Market outlook and news tracker

### Hong Kong and China market outlook

U.S. stock futures were trading lower on Monday, reversing Friday's mostly upbeat action, though analysts warned against reading too much into the moves, given traders are off for Presidents Day American stock markets and the bond market are closed for the holiday, and there are no economic releases expected, as federal agencies are shuttered.

European indices ended lower across the region, sliding throughout the session amid thin volumes with both China & the U.S markets closed for holidays. Amongst turnover approx. 50% lower than the thirty day average, only the Oil & Gas and Insurance sectors finished in positive territory, with Personal & Household stocks the laggards. Italy's FTSE MIB underperformed peers amid ongoing reports of a feud between the country's coalition parties.

On Chinese front, the A-share market still closed for Lunar New Year holiday but H-share market resume trading in year of the dog for its first trading day. Over the weekend, the US department of commerce release 232 trade measures proposal on steel and aluminium. At such, this week focus may related to basic materials sector and blue-chips stock that are going to release year end result.

### Hong Kong market sector movers and news tracker

**1) China bank sector:** PRC banks and other financials led rally on expectations of better margins from a steepening yield curve.

• Related stocks: ICBC (1398.HK +3.1%), CCB (939.HK +4.7%), BoC (3988.HK +1.2%), ABC (1288.HK +2.1%)

**2) Raw materials sector:** the sector were among the best performing stocks as commodity prices rallied on the weaker USD.

• Related stocks: Zijin (2899.HK +7.4%), Zhaojin (1818.HK +2.4%), JX Copper (358.HK +4.1%), Chalco (2600.HK +3.8%)

**3) Oil majors and services sector:** The sectors outperformed in sympathy with the rebound in crude prices, where oil futures rallied almost 3% overnight as EIA inventory data surprised the market.

• Related stocks: CNOOC (883.HK +3.3%), PetroChina (857.HK +2.1%), Sinopec (386.HK +2.8%), Anton (3337.HK +10.8%), COSL (2883.HK +4.9%) Hilong (1623.HK +6.9%)

**4) Apple suppliers names:** the sector rallied further on the news that Berkshire Hathaway increased its holding in Apple.

• Related stocks: FIT HON TENG (6088.HK +5.1%), AAC (2018.HK +3.4%), AAC Tech (2018.HK +3.4%)

## Performance indices

Global Index	Closing	Performance chg. (%)		
		1D	1W	1M
HANG SENG INDEX	31115.43	2.0	6.0	-2.0
HANG SENG CHINA ENT INDX	12535.51	2.2	5.5	-1.8
SHANGHAI SE COMPOSITE	3199.159	0.4	-3.3	-6.2
SHENZHEN SE COMPOSITE IX	1739.146	0.5	1.4	-9.1
CSI 300 INDEX	3966.96	0.80	-2.1	-6.1
DOW JONES INDUS. AVG	25219.38	0.08	4.3	-3.3
S&P 500 INDEX	2732.22	0.0	4.3	-2.8
NASDAQ COMPOSITE INDEX	7239.465	-0.2	5.3	-1.3
DAX INDEX	12451.96	0.9	0.8	-7.8
CAC 40 INDEX	5281.58	1.1	2.3	-4.9
FTSE 100 INDEX	7294.7	0.8	1.0	-6.2

Sources: Bloomberg as of 20 February 18

## Performance chg. (%)

Commodities	Closing	Performance chg. (%)		
		1D	1W	1M
Brent Crude Oil	64.84	0.8	4.3	-4.2
Gold	1346.96	-0.5	0.9	0.5
Steel (HRC China)	4106	0.0	0.4	-2.2
Aluminium	2208	2.0	4.2	-0.3
Copper	7233	0.7	4.2	1.1

Sources: Bloomberg as of 20 February 18

## Performance chg. (%)

Currencies to US\$	Closing	Performance chg. (%)		
		1D	1W	1M
CNY	6.3415	0.01	-1.0	1.5
HKD	7.8209	0.01	0.0	0.0
JPY	106.21	0.08	0.9	3.8
EUR	1.2406	-0.80	0.2	1.0
GBP	1.4026	-0.52	0.5	-0.1
AUD	0.7905	-0.50	0.6	-1.4
CAD	1.2558	0.62	0.1	-1.1

Sources: Bloomberg as of 20 February 18

## Economic Calendar

Date	Event	Est.	Prior
21-Feb-18	US MBA mortgage applications(Feb 16)	N/A	-4.1%
	US manufacturing PMI(Feb)	55.5	55.5
	US services PMI(Feb)	54	53.3
	US composite PMI(Feb)	N/A	53.8
	US existing home sales MoM(Jan)	0.90%	-3.60%
22-Feb-18	HK unemployment rate(Jan)	2.90%	2.90%
	HK CPI composite YoY(Jan)	1.80%	1.70%
	US initial jobless claims(Feb17)	230k	230k
	US continuing claims(Feb10)	1935k	1942k
24-Feb-18	China January property prices	N/A	N/A
26-Feb-18	US new home sales(Jan)	647k	625k
	US new home sales MoM(Jan)	3.40%	-9.30%
27-Feb-18	HK exports YoY (Jan)	2.90%	2.90%
	HK imports YoY(Jan)	N/A	9%
	HK trade balance(Jan)	N/A	-59.9bn
	US advance goods trade balance(Jan)	-71.6bn	-72.3bn
	US wholesales inventories MoM(Jan)	N/A	0.40%
	US durable goods orders(Jan)	-1.50%	2.80%

Sources: Bloomberg as of 20 February 18

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## Market commentary

### Hong Kong notable market movers and news tracker

- 1) CIFI (884.HK +7.2%) has issued HK\$2.79bn of CBs with an initial conversion price of HK\$9.30.
- 2) Li & Fung (494.HK -0.8%) as US retail sales figures missed market expectations.
- 3) Kaisa (1638.HK +5.8%) has reported January contracted sales that rose about 3.8% YoY.
- 4) Champion REIT (2778.HK +4.8%) says it hasn't received an offer from the REIT manager to date since it announced a possible disposal of interest in Langham Place Tower in July; meanwhile the Co has reported 2017 distributable income that rose 5.6% YoY to HK\$1.49bn.
- 5) Sands China (1928.HK +1.6%) has reported FY2017 net income that rose 31% YoY to \$1.60bn.
- 6) Macau Legend (1680.HK +1.7%) despite issuing a profit warning, saying its FY17 consolidated loss will increase by >85% YoY.
- 7) Solomon Sys (2878.HK +0.00%) has issued a profit warning, saying it expects its FY

## 5-day High/Low Records

Week highs		% index		
Company	Ticker	End Price	move	Industry
Tencent	700 HK	447	17.44%	IT hardware
CCB	939 HK	8.48	16.20%	Banks
AIA	1299 HK	63.30	9.52%	Insurance
HSBC	5 HK	83.55	8.82%	Banks
Ping An	2318 HK	86.85	7.81%	Insurance

  

Week lows		% index		
Company	Ticker	Price	move	Industry
China mobile	941 HK	74.20	-7.78%	Telecom
Link REIT	823 HK	64.70	-2.78%	Property
China Unicom	762 HK	10.20	-1.36%	Telecom
Lenovo	992 HK	3.94	-0.83%	IT hardware
CLP Holdings	2 HK	76.00	-0.60%	Utilities

Sources: HKEX

## IPO Calendar

Company	Ticker	Listing date	IPO px (HK\$)	Industry
Polyfair Holdings	8532.HK	23/2/2018	0.25-0.35	Construction/décor
Simplicity Holding	8367.HK	26/2/2018	0.27-0.33	F&B
Wing Fung Group Asia	8526.HK	27/2/2018	0.38-0.42	Construction/décor
Max Sight Group	8483.HK	28/2/2018	0.30-0.35	IT Hardware
OneForce	1933.HK	2/3/2018	0.72-0.96	IT Consulting
Vico International	1621.HK	5/3/2018	0.30-0.50	Petroleum & Gases
Tian Chang Group	2182.HK	8/3/2018	0.65-0.75	Industrial goods

Sources: HKEX, Bloomberg

## Hang Seng Index weekly performance



## Shanghai-Hong Kong Stock Connect

### Northbound Daily (RMB bn)

Date	Quota	Balance	Percent	Buy trades (k)	Sell trades (k)
12/2/2018	13.0	12.9	99%	200.6	282.6
13/2/2018	13.0	10.2	78%	164.2	190.1
14/2/2018	13.0	6.7	52%	127.2	130.4
15/2/2018	n.a	n.a	n.a	n.a	n.a
16/2/2018	n.a	n.a	n.a	n.a	n.a

Sources: HKEX

### Southbound Daily (RMB bn)

Date	Quota	Balance	Percent	Buy trades (k)	Sell trades (k)
12/2/2018	10.5	14.1	134%	106.8	62.2
13/2/2018	n.a	n.a	n.a	n.a	n.a
14/2/2018	n.a	n.a	n.a	n.a	n.a
15/2/2018	n.a	n.a	n.a	n.a	n.a
16/2/2018	n.a	n.a	n.a	n.a	n.a

Sources: HKEX, SSE

## Shenzhen-Hong Kong Stock Connect

### Northbound Daily (RMB bn)

Date	Quota	Balance	Percent	Buy trades (k)	Sell trades (k)
12/2/2018	13.0	9.2	71%	177.4	203.1
13/2/2018	13.0	7.1	55%	127.9	173.1
14/2/2018	13.0	4.7	36%	112.9	103.6
15/2/2018	n.a	n.a	n.a	n.a	n.a
16/2/2018	n.a	n.a	n.a	n.a	n.a

Sources: HKEX

### Southbound Daily (RMB bn)

Date	Quota	Balance	Percent	Buy trades (k)	Sell trades (k)
12/2/2018	10.5	5.9	56%	47.5	37.8
13/2/2018	n.a	n.a	n.a	n.a	n.a
14/2/2018	n.a	n.a	n.a	n.a	n.a
15/2/2018	n.a	n.a	n.a	n.a	n.a
16/2/2018	n.a	n.a	n.a	n.a	n.a

Sources: HKEX, SSE

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